

1 *Amend sections 19815, 19816 and 19816.1, 19819, 19824, 19828.1 and 19831, and add*
2 *sections 19833.5 and 19833.6, to read:*

3 **TITLE 5. Education**

4 **Division 1.5. Education Audit Appeals Panel**

5 **Chapter 3. Audits of California K-12 Local Education Agencies**

6 **Article 2. Audit Reports**

7 **§ 19815. Report Components.**

8 The report of each audit performed pursuant to Education Code Section 41020 shall be as
9 follows, except that the subelements of (d) may be in any order among themselves:

10 (a) Introductory Section.

11 (1) Table of Contents for the audit report.

12 (2) Other information as deemed appropriate by the auditee.

13 (b) Financial Section.

14 (1) Independent Auditor's Report.

15 (2) Management's Discussion and Analysis.

16 (3) Basic Financial Statements.

17 (4) Notes to the Basic Financial Statements.

18 (c) Required Supplementary Information.

19 Schedule of budgetary comparison data for the General Fund and any major special
20 revenue funds that have legally adopted annual budgets, disclosing excesses of expenditures
21 over appropriations, if any, in individual funds presented in the budgetary comparison.

22 (d) Supplementary Information.

23 (1) Local Education Agency Organization Structure.

24 ~~(1)~~ (2) Schedule of Average Daily Attendance.

- 1 ~~(2)~~ (3) Schedule of Instructional Time.
- 2 ~~(3)~~ (4) Schedule of Financial Trends and Analysis.
- 3 ~~(4)~~ (5) Reconciliation of Annual Financial and Budget Report With Audited Financial
- 4 Statements.
- 5 ~~(5)~~ (6) Optionally, Combining Statements and Individual Fund Statements and Schedules.
- 6 ~~(6)~~ (7) Schedule of Charter Schools.
- 7 ~~(7)~~ (8) If required as set forth in the edition of OMB Circular A-133 applicable to the year
- 8 being audited, Schedule of Expenditures of Federal Awards.
- 9 ~~(8)~~ (9) Notes to Supplementary Information, if required.
- 10 (e) Other Independent Auditor's Reports.
- 11 (1) Report on Internal Control ~~over~~ Over Financial Reporting and on Compliance and
- 12 Other Matters Based on an Audit of Financial Statements Performed in Accordance with
- 13 *Government Auditing Standards*.
- 14 (2) Report on State Compliance.
- 15 (3) If required as set forth in the edition of OMB Circular A-133 applicable to the year
- 16 being audited, Report on Compliance With Requirements Applicable to Each Major Program
- 17 and Internal Control Over Compliance in Accordance With OMB Circular A-133.
- 18 (f) Findings and Recommendations.
- 19 (1) Schedule of Findings and Questioned Costs.
- 20 (2) Schedule of Prior Audit Findings.
- 21 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,
- 22 14503 and 41020, Education Code.
- 23 **§ 19816. Definitions.**

24 The content of the audit report sections and subsections specified in Section 19815 is as

described in the *Codification of Statements on Auditing Standards*, published by the American Institute of Certified Public Accountants, the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the Governmental Accounting Standards Board (GASB), or *Government Auditing Standards* published by the Comptroller General of the United States, in the respective editions applicable to the fiscal year being audited, or as defined in one of the following:

(a) “*Government Auditing Standards*” means the publication by the Comptroller General of the United States, United States General Accounting Office, originally issued in 1972 and revised from time to time, commonly known as the “Yellow Book,” that contains standards for audits of government organizations, programs, activities, and functions and that is referenced in Education Code sections 14501, 14503, and 41020(b)(4).

(b) “Local Education Agency Organization Structure” means a description in the Supplementary Information section that sets forth the following information, at a minimum:

(1) The date on which the local education agency was established, and for charter schools the date and granting authority of each charter;

(2) The date and a general description of any change during the year audited in a school district’s boundaries;

(3) The numbers by type of schools in the local education agency;

(4) The names, titles, terms, and term expiration dates of all members of the governing board;

(5) The names, with their titles, of the superintendent, chief business official, and deputy/associate/assistant superintendents.

~~(b)~~ (c) “OMB Circular A-133” means the publication, produced by the federal Office of Management and Budget and titled *Audits of States, Local Governments, and Non-Profit*

1 *Organizations*, that sets forth standards for attaining consistency and uniformity in the audits of
2 governments and organizations expending federal awards.

3 ~~(e)~~ (d) “Reconciliation of Annual Financial and Budget Report with Audited Financial
4 Statements” means a schedule that displays the differences between the ending fund balance(s)
5 from the audited financial statements and the unaudited ending fund balance(s) from the annual
6 financial and budget report for each fund in which a variance occurred.

7 ~~(d)~~ (e) “Report on Internal Control ~~over~~ Over Financial Reporting and on Compliance and
8 Other Matters Based on an Audit of Financial Statements Performed in Accordance with
9 *Government Auditing Standards*” means the component of the Other Independent Auditor’s
10 Reports that specifies material instances of noncompliance, if any; defines reportable
11 conditions and specifies the reportable conditions disclosed as a result of the audit; defines
12 material weaknesses and specifies the material weaknesses, if any, that were disclosed by the
13 audit; includes a statement that no material weaknesses were found, if that is the case; includes
14 a statement that nonmaterial noncompliance and nonreportable conditions involving the
15 internal control structure and its operation were communicated to management in a separate
16 management letter, if that is the case; specifies all instances of fraud and illegal acts, if any,
17 that were disclosed by the audit, unless clearly inconsequential; and specifies material abuse, if
18 any, that was disclosed by the audit.

19 ~~(e)~~ (f) “Report on State Compliance” means the component of the Other Independent
20 Auditor’s Reports that specifically and separately addresses each of the state compliance
21 requirements included in this audit guide that are applicable to the year audited, stating
22 whether or not the district is in compliance with those requirements; includes a chart that
23 displays the number of audit procedures for each compliance requirement applicable to the
24 year audited and states that the audit procedures included in the audit guide for each

1 requirement were followed in the making of the audit, if that is the case, or, if not, what other
2 procedures were followed; and includes an expression of positive assurance with respect to
3 compliance with applicable laws and regulations for those items tested in accordance with
4 those regulations, and negative assurance for untested items.

5 (1) The numbers of audit procedures for the compliance requirements included in this audit
6 guide for audits of fiscal year 2003-04 are

7 Attendance Reporting, 6;

8 Kindergarten Continuance, 3;

9 Independent Study, 22;

10 Continuation Education, 10;

11 Adult Education, 9;

12 Regional Occupational Centers and Programs, 6;

13 Instructional Time and Staff Development Reform Program, 7;

14 Instructional Time for school districts, 4; for county offices of education, 3;

15 Community Day Schools, 9;

16 Instructional Materials general requirements, 9; K-8 only, 1; grades 9-12 only, 1;

17 Ratios of Administrative Employees to Teachers, 1;

18 Early Retirement Incentive Program, 4;

19 Gann Limit Calculation, 1;

20 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
21 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.

22 (2) The numbers of audit procedures for the compliance requirements included in this audit
23 guide for audits of fiscal year 2004-05 are

24 Attendance Reporting, 8;

1 Kindergarten Continuance, 3;
2 Independent Study, 22;
3 Continuation Education, 10;
4 Adult Education, 9;
5 Regional Occupational Centers and Programs, 6;
6 Instructional Time and Staff Development Reform Program, 7;
7 Instructional Time for school districts, 4; for county offices of education, 3;
8 Community Day Schools, 9;
9 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
10 Ratios of Administrative Employees to Teachers, 1;
11 Early Retirement Incentive Program, 4;
12 Gann Limit Calculation, 1;
13 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;
14 Alternative Pension Plans, 2;
15 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
16 State Lottery Funds (California State Lottery Act of 1984), 2;
17 California School Age Families Education (Cal-SAFE) Program, 3;
18 School Accountability Report Card, 3;
19 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
20 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.

21 (3) The numbers of audit procedures for the compliance requirements included in this audit
22 guide for audits of fiscal year 2005-06 are

23 Attendance Reporting, 8;
24 Kindergarten Continuance, 3;

1 Independent Study, 22;
2 Continuation Education, 10;
3 Adult Education, 9;
4 Regional Occupational Centers and Programs, 6;
5 Instructional Time for school districts, 4; for county offices of education, 3;
6 Community Day Schools, 9;
7 Morgan-Hart Class Size Reduction Program, 7;
8 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
9 Ratios of Administrative Employees to Teachers, 1;
10 Early Retirement Incentive Program, 4;
11 Gann Limit Calculation, 1;
12 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;
13 Alternative Pension Plans, 2;
14 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
15 State Lottery Funds (California State Lottery Act of 1984), 2;
16 California School Age Families Education (Cal-SAFE) Program, 3;
17 School Accountability Report Card, 3;
18 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
19 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;
20 Contemporaneous Records of Attendance, for charter schools, 1;
21 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;
22 Additional Nonclassroom-Based Instruction, for charter schools, 1;
23 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;
24 Annual Instructional Minutes – Classroom Based, for charter schools, 3.

1 (4) The numbers of audit procedures for the compliance requirements included in this audit
2 guide for audits of fiscal year 2006-07 are
3 Attendance Reporting, 8;
4 Kindergarten Continuance, 3;
5 Independent Study, 23;
6 Continuation Education, 10;
7 Adult Education, 9;
8 Regional Occupational Centers and Programs, 6;
9 Instructional Time for school districts, 6; for county offices of education, 3;
10 Community Day Schools, 9;
11 **Morgan-Hart Class Size Reduction Program, 7;**
12 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;
13 Ratios of Administrative Employees to Teachers, 1;
14 Early Retirement Incentive Program, 4;
15 Gann Limit Calculation, 1;
16 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;
17 Alternative Pension Plans, 2;
18 Excess Sick Leave, 2 or 3;
19 Notice of Right To Elect California State Teachers Retirement System (CalSTRS)
20 Membership, ~~5~~ 1;
21 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;
22 State Lottery Funds (California State Lottery Act of 1984), 2;
23 California School Age Families Education (Cal-SAFE) Program, 3;
24 School Accountability Report Card, 3;

1 Class Size Reduction (including in charter schools): general requirements, 7; Option One,
2 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;
3 Contemporaneous Records of Attendance, for charter schools, 1;
4 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;
5 Additional Nonclassroom-Based Instruction, for charter schools, 1;
6 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;
7 Annual Instructional Minutes – Classroom Based, for charter schools, 3.

8 ~~(f)~~ (g) “Report on Compliance With Requirements Applicable to Each Major Program and
9 Internal Control Over Compliance in Accordance With OMB Circular A-133” means the
10 component of the Other Independent Auditor’s Reports that states whether the auditee has
11 complied with federal laws, regulations, and the provisions of federal contracts or grant
12 agreements and has established and maintained effective internal control over compliance with
13 the requirements for major federal programs.

14 ~~(g)~~ (h) “Schedule of Average Daily Attendance” means the schedule in the Supplementary
15 Information section that displays Average Daily Attendance data for both the Second Period
16 and Annual reports, by grade level and program as appropriate.

17 ~~(h)~~ (i) “Schedule of Charter Schools” means the schedule in the Supplementary
18 Information section that lists all charter schools chartered by the school district or county office
19 of education, and displays information for each charter school on whether or not the charter
20 school is included in the school district or county office of education audit.

21 ~~(i)~~ (j) “Schedule of Financial Trends and Analysis” means, for fiscal year 2003-04, the
22 schedule in the Supplementary Information section that displays information regarding the
23 auditee’s financial position and going concern status, in the form of actual financial and
24 attendance figures for at least the most recent three-year period (ending with the audit year),

1 plus the current year's budget, for the following items: General Fund financial activity,
2 including total revenue, expenditures, and other sources and uses; General Fund balance;
3 available reserve balances (funds designated for economic uncertainty, and any other
4 remaining undesignated fund balance) within the General Fund, Special Reserve Fund, and any
5 Article XIII-B Trust Funds; available reserve balances expressed as a percentage of total
6 General Fund outgo (expenditures, transfers out, and other uses), including a comparison to the
7 applicable state-recommended available reserve percentage; total long-term debt; and
8 elementary and secondary Second Principal Average Daily Attendance, excluding Regional
9 Occupational Centers and Programs and Adult Average Daily Attendance; and, when the
10 auditee's percentage of available reserves to total General Fund outgo is below the state-
11 recommended percentage, management's plans for increasing the auditee's available reserve
12 percentage.

13 ~~(j)~~ (k) "Schedule of Financial Trends and Analysis" means, for fiscal year 2004-05 and
14 each fiscal year thereafter, the schedule in the Supplementary Information section that displays
15 information regarding the auditee's financial position and going concern status, in the form of
16 actual financial and attendance figures for at least the most recent three-year period (ending
17 with the audit year), plus the current year's budget, for the following items: General Fund
18 financial activity, including total revenue, expenditures, and other sources and uses; General
19 Fund balance; available reserve balances (funds designated for economic uncertainty, and any
20 other remaining undesignated fund balance) within the General Fund or Special Reserve Fund;
21 available reserve balances expressed as a percentage of total General Fund outgo
22 (expenditures, transfers out, and other uses), including a comparison to the applicable state-
23 recommended available reserve percentage; total long-term debt; and elementary and
24 secondary Second Principal Average Daily Attendance, excluding Regional Occupational

Centers and Programs and Adult Average Daily Attendance; and, when the auditee's percentage of available reserves to total General Fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

~~(k)~~ (l) "Schedule of Findings and Questioned Costs" means that part of the Findings and Recommendations section that presents all audit year findings, and a copy of each management letter issued, if any, with each finding assigned the appropriate code from among the following: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal Control, 40000 State Compliance, 41000 CalSTRS, 50000 Federal Compliance, 60000 Miscellaneous, 70000 Instructional Materials, 71000 Teacher Misassignments, 72000 School Accountability Report Card, and includes the following elements:

(1) criteria

(2) condition

(3) effect

(4) cause

(5) a statement of the number of units of Average Daily Attendance, if any, that were inappropriately reported for apportionment; and a statement consistent with its basis of funding, for any other inappropriately reported claim—such as number of staff development days, or number of pupils for Class Size Reduction, or amount in dollars for Instructional Materials, and so forth

(6) a recommendation for the resolution of the finding

(7) a corrective action plan prepared by the auditee that describes in specific terms the actions planned or taken to correct the problem, or a statement from the auditee that the corrective action recommended by the auditor is not necessary or appropriate and giving the specific reasons why, if that is the case, and a statement that the corrective action plan was not

1 available if no corrective action plan was submitted before the audit report was prepared.

2 ~~(h)~~ (m) “Schedule of Instructional Time” means a schedule in the Supplementary
3 Information section that displays, for school districts, including basic aid districts, and county
4 offices of education, data that show whether the auditee complied with the provisions of
5 Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code;
6 and for charter schools, data that show whether the auditee complied with the provisions of
7 subdivision (a)(1) of Education Code Section 47612.5 and subdivision (a)(3) of Education
8 Code Section 46201.

9 ~~(m)~~ (n) “Schedule of Prior Audit Findings” means that part of the Findings and
10 Recommendations section that presents the status of actions taken by the auditee on each of the
11 findings and recommendations reported in the prior year audit, and includes as current year
12 findings and recommendations those prior year findings that have not been resolved.

13 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
14 14502.1, 14503, 41020 and 47634.2, Education Code.

15 **§ 19816.1. Applicability of Audit Procedures by Audit Year.**

16 (a) Of the compliance requirements set forth in Article 3:

17 (1) Sections 19817 through 19825, and 19828 through 19831 are applicable to fiscal year
18 2003-04 audits;

19 (2) Sections 19817.1 through 19825, and 19828.1 through 19837 are applicable to fiscal
20 year 2004-05 audits.

21 (3) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are
22 applicable to fiscal year 2005-06 audits.

23 (4) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are
24 applicable to fiscal year 2006-07 audits.

(b) Of the compliance requirements set forth in Article 3.1,

(1) Section 19845 is applicable to fiscal year 2003-04 audits;

(2) Section 19845.1 is applicable to fiscal year 2004-05 audits;

(3) Section 19845.1 is applicable to fiscal year 2005-06 audits;

(4) Section 19845.1 is applicable to fiscal year 2006-07 audits;

(c) Of the compliance requirements set forth in Article 4,

(1) Sections 19850 through 19854 are applicable to fiscal year 2005-06 audits.

(2) Sections 19850 through 19854 are applicable to fiscal year 2006-07 audits.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

Article 3. State Compliance Procedures: Local Education Agencies

Other Than Charter Schools

§ 19819. Independent Study.

If the local education agency reported Average Daily Attendance generated through independent study, perform the following procedures

(a) At the agency level:

(1) Reconcile the local education agency's independent study attendance records to Average Daily Attendance generated through full-time independent study reported to the California Department of Education.

(2) From the independent study attendance records, select a representative sample of pupils for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent or "short term" independent study if the local education agency offered that option, and confirm that every pupil in the sample is identified in the written records of the district or county board by grade level, by program placement, and by

1 the school in which he or she is enrolled.

2 (3) If, pursuant to the foregoing audit procedure, any pupils are found that were not
3 identified in the written records of the district or county board by any one or more of grade
4 level, program placement, and the school in which he or she was enrolled, recalculate,
5 consistent with the provisions of Education Code Section 46303, the correct number of units of
6 Average Daily Attendance. Include a statement in the Findings and Recommendations section
7 of the audit report of the number of pupils and the number of units of Average Daily
8 Attendance that were inappropriately reported for apportionment and an estimate of their dollar
9 value.

10 ~~(2) (4) Verify the local education agency's calculation, made pursuant to the provisions of~~
11 ~~subdivision (a) of Education Code Section 51745.6, of the ratio of independent study teachers~~
12 ~~to ineligible Average Daily Attendance, if any, generated through full-time independent study~~
13 ~~by pupils 18 years of age or less as specified by the California Department of Education~~
14 ~~pursuant to subdivision (a) of Education Code Section 51745.6. Determine the number of~~
15 ~~ineligible units of Average Daily Attendance pursuant to the provisions of subdivision (b) of~~
16 ~~Education Code Section 51745.6.~~

17 ~~(3) (5) Interview administrative personnel and school counselors of the local education~~
18 ~~agency to determine if the local education agency had policies and procedures to ensure that~~
19 ~~any pupil terminating an independent study agreement was permitted to immediately~~
20 ~~recommence classroom study.~~

21 ~~(4) (6) Interview local education agency administrative personnel as well as a sample of~~
22 ~~independent study teachers and review written agreements to determine whether it was the~~
23 ~~local education agency's policy or practice to provide independent study pupils or their~~
24 ~~parents/guardians with monetary funding or any other things of value such as equipment or~~

1 paid private instruction. If so, determine whether classroom pupils or their parents/guardians
2 had the same access to funding or things of value. Read program materials provided to all
3 parents/guardians to determine that opportunities were equal and that pupils engaged in
4 independent study were neither offered nor given incentives or special benefits.

5 (b) Select a sample of schools that is representative of the local education agency and
6 sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the local
7 education agency's compliance with independent study requirements. Verify that the monthly
8 site summaries used for summarizing attendance provide accurate information by performing
9 the following procedures:

10 (1) At each school, examine the attendance accounting records to verify that the attendance
11 of pupils or adult education students or both while engaged in independent study was
12 maintained on separate registers or the local education agency had another mechanism in place
13 to track Average Daily Attendance generated through independent study separately from other
14 Average Daily Attendance.

15 (2) Determine the total number of days of attendance reported for each sampled school that
16 resulted from attendance by pupils or adult education students or both while engaged in
17 independent study. Reconcile the monthly totals (days of apportionment attendance) on the
18 site's attendance summary to the summary maintained by the local education agency for the
19 Second Principal and the Annual attendance reports.

20 (3) Select a test month in the Second Principal or Annual attendance reporting period.
21 Verify the mathematical accuracy of the monthly report and trace totals to the school's
22 attendance summary.

23 (4) Verify that a certificated employee of the local education agency coordinated,
24 evaluated, and provided general supervision, as that term is defined in Section 11700(b), of

1 each pupil's or adult education student's independent study, as required by the provisions of
2 subdivision (a) of Education Code Section 51747.5.

3 (5) Select a representative sample of teachers. Verify the mathematical accuracy of the
4 teachers' attendance records of pupil or adult education student attendance. Trace the monthly
5 totals from the monthly report to the attendance records.

6 (6) If 100 percent apportionment attendance was recorded for all independent study pupils
7 or adult education students or both, ensure that the teacher did not accrue more days of
8 apportionment credit for any assignment than there were school days in that assignment
9 ("banking"); or accrue days of attendance for work submitted subsequent to the specified due
10 date for the assignment ("make-up").

11 (7) For programs in which hourly attendance accounting is not required pursuant to Section
12 406, verify that attendance credit was recorded in whole days based on the supervising
13 teacher's personal review, evaluation, and assignment of time value to the pupil's or adult
14 education student's work product, or the supervising teacher's review of the evaluation and
15 assignment of time value made by another certificated teacher.

16 (c) From the attendance records, select a representative sample of pupils/adult education
17 students for whom Average Daily Attendance generated through independent study was
18 claimed, including pupils on intermittent ("short term") independent study if the local
19 education agency offered that option, and perform the following procedures:

20 (1) Verify that no pupil was enrolled in the local education agency pursuant to subdivision
21 (b) of Education Code Section 48204 while engaged in full-time independent study.

22 (2) Determine each selected pupil's or adult education student's county of residence at the
23 time of commencing independent study and verify that it is the county in which the
24 apportionment claim is reported or a contiguous county within California.

(3) Determine whether mailing addresses or other evidence of residency changed during the time the pupils/adult education students were in independent study and, if so, whether each pupil or adult education student remained resident of the same or a contiguous county within California.

(4) Verify that a total of not more than one day of attendance generated through independent study was recorded for each pupil, including pupils enrolled in more than one program, for any calendar day on which school was in session.

(5) Verify that a written agreement exists for each pupil/adult education student selected.

(6) Verify that every pupil whose independent study attendance was claimed for apportionment was participating under an agreement for a minimum of five consecutive school days.

(7) Verify that every written agreement contained all the required elements:

(A) The manner, time, frequency, and place for submitting a pupil's or adult education student's assignments and for reporting his or her progress.

(B) The objectives and methods of study (pupil/adult education student activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's or adult education student's work.

(C) The methods utilized to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which achievement of the pupils/adult education students meets the objectives set forth in the written assignment).

(D) The specific resources, including materials and personnel, to be made available to the pupils/adult education students (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils/adult education students on the same terms as the terms on which they are normally

1 available to all pupils/adult education students).

2 (E) A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education
3 Code Section 51747 regarding the maximum length of time allowed between the assignment
4 and the completion of a pupil's or adult education student's assigned work, and the number of
5 assignments a pupil or adult education student may miss before there must be an evaluation of
6 whether it is in the pupil's or adult education student's best interests to continue in independent
7 study.

8 (F) The duration of the independent study agreement, including the beginning and ending
9 dates for the pupil's or adult education student's participation in independent study under the
10 agreement, with no agreement being for a period longer than one semester, or one-half year for
11 a school on a year-round calendar.

12 (G) A statement of the number of course credits or, for the elementary grades, other
13 measures of academic accomplishment appropriate to the agreement, to be earned by the
14 pupil/adult education student upon completion.

15 (H) A statement in each independent study agreement that independent study is an optional
16 educational alternative in which no pupil may be required to participate. In the case of a pupil
17 who is referred or assigned to any school, class, or program pursuant to Section 48915 or
18 48917, the agreement also shall include the statement that instruction may be provided to the
19 pupil through independent study only if the pupil is offered the alternative of classroom
20 instruction.

21 (I) Signatures, affixed prior to the commencement of independent study, by

22 1. the pupil or adult education student;

23 2. the pupil's parent, legal guardian, or caregiver as that term is used in Family Code
24 Section 6550 and following, if the pupil is less than 18 years of age;

1 3. the certificated employee who has been designated as having responsibility for the
2 general supervision of independent study; and

3 4. all other persons, if any, who had direct responsibility for providing assistance to the
4 pupil or adult education student.

5 (8) Verify that no days of attendance were reported for dates prior to the signing of the
6 agreement by all parties.

7 (9) Trace each pupil's or adult education student's attendance from the attendance records
8 to the teacher's register, record of the pupil's or adult education student's work completed, and
9 the corresponding work assignment record. Verify that evaluated pupil/adult education student
10 work samples, bearing signed or initialed and dated notations by the supervising teacher
11 indicating that he or she personally evaluated the work, or that he or she personally reviewed
12 the evaluations made by another certificated teacher, have been retained in the file.

13 (10) Verify that the pupil/adult education student work product samples are related to the
14 assignment pursuant to which the work was undertaken and reflect the curriculum adopted by
15 the local governing board and not an alternative curriculum.

16 (11) Review records and other relevant documentation to verify that each pupil's choice to
17 commence or to continue in independent study was entirely voluntary and uncoerced.

18 (d) If any inappropriately reported units of Average Daily Attendance are identified
19 through the foregoing audit procedures, recalculate, consistent with the provisions of
20 Education Code Section 46303, the correct number of units of Average Daily Attendance.
21 Include a statement in the Findings and Recommendations section of the audit report of the
22 number of units of Average Daily Attendance that were inappropriately reported for
23 apportionment and an estimate of their dollar value.

24 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,

1 14503 and 41020, Education Code.

2 **§ 19824. Instructional Time.**

3 (a) School districts: Perform the following procedures:

4 (1) Select a sample of schools that is representative of the district and sufficient in size to
5 allow the auditor to draw a reasonable conclusion with respect to the district's compliance with
6 instructional time requirements. Review the school attendance calendar and bell (class)
7 schedules of the sampled schools. Ascertain whether any individual days are shorter than the
8 usual length, by grade level, in that school. Compare the instructional minutes from each
9 school site's bell (class) schedule to total instructional minutes computed by the business
10 office.

11 (2) Determine, by grade level, the total number of days in each sampled school's
12 attendance calendar that were of at least the minimum length required, pursuant to Education
13 Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or
14 sections 46141, and 46142, for junior high schools and high schools, and compare the totals to
15 the standards set forth in Education Code section 41420 or 37670, as applicable.

16 (3) If all sampled regular day schools have fewer than the applicable minimum number of
17 days, determine whether the same is true for all the regular day schools of the district.

18 (4) If all regular day schools have fewer than the applicable minimum number of days, the
19 district is subject to the penalty provided in subdivision (a) of Education Code Section 41420.

20 Include a statement of that fact and the amount of the penalty in the Findings and
21 Recommendations section of the audit report.

22 If the district is not subject to the penalty provided in subdivision (a) of Education Code
23 Section 41420 but is subject to one or more penalties as provided in subdivision (b) of
24 Education Code Section 41420, prepare a separate schedule for each school that was not in

compliance showing the number of additional days the school would have had to maintain operations to meet the 175 day requirement, or the 163 day requirement if the school was operated on a multitrack year-round schedule, and calculate the penalty or penalties. Include both the schedule(s) and the amount(s) of the calculated penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

~~(2)~~ (5) Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as set forth in Education Code Section 46201, and to the amount offered by the district during the 1982-83 year.

~~(3)~~ (6) Determine whether the district offered optional classes to satisfy incentive funding requirements. If enrollment in optional classes is low, review the district's documentation of class offerings to ensure that the district has acted effectively to comply with the law. Practices that are not consistent with effectively offering additional instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period or by attending school outside the schedule of district-provided bus service.

~~(4)~~ (7) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report, showing by grade ~~span~~ level the number(s) of instructional minutes offered by the district in the 1982-83 year; the 1986-87 instructional time requirements specified in Education Code Section 46201; the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade ~~span~~ level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the district

1 complied with the instructional minutes and days provisions. State in a note to the schedule
2 whether the district received incentive funding for increasing instructional time pursuant to the
3 Longer Instructional Day incentives.

4 ~~(5)~~ (8) If any schools were not in compliance with the instructional minutes or days
5 provisions, or both, prepare a separate schedule for each school showing only those grade
6 ~~spans~~ levels that were not in compliance and calculate the penalty or penalties pursuant to
7 Education Code Section 46200(c), 46201(d), or 46202(b). Include both the schedule(s) and the
8 calculated penalty or penalties in a finding in the Findings and Recommendations section of
9 the audit report.

10 (b) County offices of education: If the county office of education received Longer
11 Instructional Day or Longer Year incentive funding, or both, for the fiscal year audited for
12 special day classes, perform the following procedures:

13 (1) Review the school attendance calendar and bell (class) schedules. Determine the
14 amount of instructional time offered by each school.

15 (2) Determine whether the county office of education complied with the instructional time
16 incentive funding requirements by comparing the amount of time offered for each grade level
17 during the year being audited to the required amount of instructional time as set forth in
18 Education Code Section 46201.5.

19 (3) Prepare the “Schedule of Instructional Time” that must be presented in the
20 Supplementary Information section of the audit report showing by grade ~~span~~ level the 1986-
21 87 instructional time requirements specified in Education Code Section 46201.5; the
22 instructional minutes offered during the year audited showing the school with the lowest
23 number of minutes; the number of instructional days offered during the year audited on the
24 traditional calendar and on any multitrack calendars; whether the county office of education

1 complied with the instructional minutes requirements; and, if the county office of education
2 received an apportionment pursuant to Education Code Section 46200.5(a), whether the county
3 office of education complied with the instructional days provisions. State in a note to the
4 schedule whether the county office of education received incentive funding for increasing
5 instructional time pursuant to the Longer Instructional Day incentives and whether it received
6 an apportionment pursuant to Education Code Section 46200.5(a).

7 (4) If any schools were not in compliance with the instructional minutes or days provisions,
8 or both, prepare a separate schedule for each such school showing only those grade ~~spans~~
9 levels that were not in compliance and calculate the penalty or penalties set forth in Education
10 Code Section 46200.5(c) or 46201.5(e). Include both the schedule(s) and the calculated
11 penalty or penalties in a finding in the Findings and Recommendations section of the audit
12 report.

13 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,
14 14503 and 41020, Education Code.

15 **§ 19828.1. Instructional Materials.**

16 For fiscal year 2004-05 and each fiscal year thereafter, perform the following audit steps:

17 (a) Determine whether the year audited is one for which the governing boards of school
18 districts or county boards of education that receive funds for instructional materials from any
19 state source are subject to the provisions of Education Code Section 60119, as set forth in
20 subdivision (d) of that section.

21 (b) If the year audited is one in which the school district or county office of education was
22 required to conduct a hearing as provided in Education Code Section 60119, perform the
23 following audit procedures.

24 (1) For fiscal year 2005-06 and each fiscal year thereafter, determine whether the school

1 district governing board or county board of education, prior to making a determination through
2 a resolution as to the sufficiency of textbooks or other instructional materials, held the public
3 hearing or hearings required by the provisions of Education Code Section 60119 on or before
4 the end of the eighth week from the first day pupils attended school for that year, or, in a
5 school district or county office of education having schools that operate on a multitrack, year-
6 round calendar, on or before the end of the eighth week from the first day pupils attended
7 school for that year on any track that began in August or September.

8 (2) Determine whether the school district governing board or county board of education
9 provided 10-day notice of the required public hearing or hearings.

10 (3) Determine whether each notice included the time, place, and purpose of the hearing and
11 whether the school district or county office of education posted the notice at a minimum of
12 three public locations in the school district or county, respectively.

13 (4) Determine whether the hearing was held at a time that encouraged the attendance of
14 teachers and parents and guardians of pupils who attend the schools in the district and did not
15 take place during or immediately following school hours.

16 (5) Determine whether the resolution stated that each pupil in each school had sufficient
17 textbooks or instructional materials aligned to the content standards adopted by the State Board
18 of Education pursuant to Education Code Section 60605 and consistent with the content and
19 cycles of the curriculum framework adopted by the State Board of Education, or instead that
20 there was an insufficiency of such textbooks or instructional materials, or both, in any one or
21 more of mathematics, science, history-social science, and English/language arts including the
22 English language development component of an adopted program, as appropriate, ~~that were~~
23 ~~consistent with the content and cycles of the curriculum framework adopted by the State Board~~
24 ~~of Education~~. If the resolution stated any insufficiency, verify that the school district

governing board or county board of education provided information to classroom teachers and to the public setting forth, for each school in which an insufficiency existed, the percentage of pupils who lacked sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil did not have sufficient standards-aligned textbooks or instructional materials, or both, and took action to ensure that each pupil would have sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination was made.

(6) Verify whether the governing board made a written determination as to whether each pupil enrolled in a foreign language or health course had sufficient textbooks or instructional materials that were consistent with the content and cycles of the curriculum frameworks adopted by the state board of education for those subjects.

(7) Verify whether the governing board determined the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

(c) If the school district or county office of education was not in compliance with any of the requirements set forth in procedures 1 through 5 of subdivision (b) of this section, the school district or county office of education was not eligible to receive an Instructional Materials Funding Realignment Program allowance for the fiscal year audited. Include a finding in the Findings and Recommendations section of the audit report showing the full amount of Instructional Materials Funding Realignment Program allowance received as disallowed.

(d) If the school district or county office of education was not in compliance with any of the requirements set forth in procedures 6 or 7 of subdivision (b) of this section, report the noncompliance in a finding in the Findings and Recommendations section of the audit report.

(e) Instructional Materials Funding Realignment Program:

1 (1) Determine the amount of the Instructional Materials Funding Realignment Program
2 allowance received by the local education agency.

3 (2) Verify that the allowance received was accounted for separately.

4 (3) For kindergarten and grades 1 through 8, review the local education agency's list of
5 instructional materials purchased and select a sample to verify that the materials were adopted
6 by the State Board of Education in March 1999 or later, are in one of the four eligible subject
7 areas, and bear the copyright date and are of editions of the materials adopted by the State
8 Board of Education.

9 (4) For grades 9 through 12, review the local education agency's list of instructional
10 materials purchased and select a sample to verify that the materials were reviewed and
11 approved through a resolution adopted by the local education agency's governing board as
12 being aligned with State Board of Education-adopted content standards.

13 (5) Determine whether the governing board certified, as set forth in Education Code
14 Section 60422, that each pupil had been provided with a standards-aligned textbook or basic
15 instructional materials.

16 (6) If the governing board did certify as set forth in Education Code Section 60422, review
17 the Instructional Materials Funding Realignment Program expenditures initiated after the
18 certification was made and select a sample to verify that the textbooks or materials were from
19 the following categories:

20 (A) Purchase of instructional materials adopted by the State Board of Education pursuant to
21 the provisions of Education Code Section 60200 for kindergarten and grades 1 through 8, or by
22 the governing board pursuant to the provisions of Education Code Section 60400 for grades 9
23 through 12.

24 (B) Purchase, at the local education agency's discretion, of instructional materials,

1 including, but not limited to, supplementary instructional materials and technology-based
2 materials from any source.

3 (C) Purchase of tests.

4 (D) Binding of textbooks that were otherwise usable and were on the most recent list of
5 basic instructional materials adopted by the State Board of Education and made available
6 pursuant to the provisions of Education Code Section 60200.

7 (E) Funding of in-service training related to instructional materials.

8 (F) Purchase of classroom library materials for kindergarten and grades 1 through 4, if the
9 local education agency had a plan as specified in Education Code Section 60242(d).

10 (f) If any of the instructional materials funds are found to have been expended
11 inappropriately, include the amount inappropriately spent in a finding in the Findings and
12 Recommendations section of the audit report.

13 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
14 14502.1, 14503 and 41020, Education Code.

15 **§ 19831. Gann Limit Calculation.**

16 The following audit procedures apply to the current year appropriations limit calculation
17 for school districts and county offices of education ~~and school districts~~.

18 (a) Verify that the data used by the district or the county office is accurate, ensuring that the
19 ~~“Prior Year~~ prior year Gann ADA” and prior year appropriations limit used by the local
20 education agency ~~matches~~ match the data on the prior year appropriations limit calculation
21 previously submitted to the California Department of Education. If the district or county office
22 has made adjustments to the prior year data, verify that the adjustments are correct. If the data
23 has been revised, verify that the district or the county office has recalculated the prior year
24 appropriations limit and attached a copy of the recalculation to the current year appropriations

1 limit.

2 (b) If the agency is found out of compliance, include a finding in the Findings and
3 Recommendations section of the audit report.

4 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Section 1.5 of Article
5 XIII B, California Constitution.

6 **§ 19833.5. Excess Sick Leave.**

7 (a) Determine whether excess sick leave, as that term is defined in subdivision (c) of
8 Education Code Section 22170.5, is expressly authorized or is accrued for the local education
9 agency's employees who are members of the California State Teachers Retirement System
10 (CalSTRS) by performing the following procedures:

11 (1) Review the employment contracts of the superintendent and one other high-level
12 administrator who is a CalSTRS member, to identify the number of sick leave days each was
13 authorized per school year.

14 (2) If neither contract authorizes excess sick leave, review the sick leave accrual records of
15 the superintendent and the other high level administrator to determine whether either or both
16 have accrued excess sick leave.

17 (3) If neither authorized nor accrued excess sick leave is identified in the foregoing steps,
18 disclose that fact in the Supplementary Information section of the audit report.

19 (b) If either authorized or accrued excess sick leave is identified in the audit procedures in
20 subdivision (a), review teachers' (non-administrators) collective bargaining agreements to
21 identify any provision authorizing excess sick leave. If no excess sick leave authorization is
22 identified, disclose that fact in the Supplementary Information section of the audit report.

23 (c) If authorized or accrued excess sick leave is identified in the audit procedures in
24 subdivisions (a) or (b) or both, disclose that fact in the Supplementary Information section of

1 the audit report, identifying each contract or bargaining agreement that authorized excess sick
2 leave, and specifying by title(s) the employee(s) whose sick leave accrual exhibited the
3 granting of excess sick leave.

4 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,
5 14502.1, 14503 and 41020, Education Code.

6 **§ 19833.6. Notification of Right to Elect California State Teachers Retirement System**
7 **(CalSTRS) Membership.**

8 ~~(a) Interview knowledgeable district staff to determine~~ Determine whether the district
9 ~~provides the appropriate~~ a CalSTRS membership election form consistent with the provisions
10 of subdivision (b) of Education Code Section 22455.5 (the notification and election form for
11 the CalSTRS Cash Balance Benefit Program, if the district offers that program, or the
12 permissive election and acknowledgement of receipt of CalSTRS Defined Benefit Plan
13 membership information form, if the district does not offer the Cash Balance Benefit Program)
14 to each newly hired substitute teacher or part-time employee who will render creditable service
15 as defined in Education Code Section 22119.5.

16 ~~(b) If the district provides the appropriate CalSTRS form, ascertain what steps the district~~
17 ~~takes to obtain a written acknowledgement of notice if the new hire does not return the~~
18 ~~completed form.~~

19 ~~(c) If the district had more than a combined total of six substitute teachers and part time~~
20 ~~employees, select a sample of six, or select all if there were six or fewer, who performed~~
21 ~~creditable service as defined in Education Code Section 22119.5, who were not retired~~
22 ~~annuitants, and who did not have defined benefit program or cash balance benefit program~~
23 ~~contributions withheld from their pay, and perform the following audit procedures:~~

24 ~~(1) Determine whether the district has maintained the CalSTRS forms required by the~~

~~provisions of subdivision (b) of Education Code Section 22455.5, for each employee in the sample.~~

~~(2) Review the CalSTRS form(s) bearing the signature(s) of the employees in the sample to determine whether each employee elected to enroll in the defined benefit program.~~

~~(d) If completed CalSTRS forms are not on file for any employees in the sample, or if contributions were not withheld from the pay of any employee(s) in the sample who elected to enroll in the defined benefit program the required form is not provided to each newly hired substitute teacher or part-time employee who will render creditable service as defined in Education Code Section 22119.5, include a finding in the Findings and Recommendations section of the audit report specifying the number of instances in which the district has not maintained a completed CalSTRS form, and the number of instances in which an employee elected membership but no contributions were withheld from the employee's pay.~~

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

(08-30-06)